

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008**

	September-08				Current Fiscal YTD	Prior Year FY08	3 Years Ended 6/30/2008	5 Years Ended 6/30/2008
	Market Value	Allocation Actual	Policy	Quarter Net ROR	Net ROR	Net ROR	Net	Net
LARGE CAP DOMESTIC EQUITY								
<i>Structured Growth</i>								
LA Capital	63,611,306	3.9%	3.9%	-13.15%	-13.15%	-6.96%	8.22%	N/A
Total Structured Growth	63,611,306	3.9%	3.9%	-13.15%	-13.15%	-6.96%	8.22%	10.32%
Russell 1000 Growth				-12.33%	-12.33%	-5.96%	5.91%	7.32%
<i>Structured Value</i>								
LSV	60,489,447	3.7%	3.9%	-6.27%	-6.27%	-22.29%	3.56%	11.19%
Russell 1000 Value				-6.11%	-6.11%	-18.78%	3.53%	8.92%
<i>Enhanced Russell 1000 Index</i>								
LA Capital	53,904,887	3.3%	3.3%	-9.44%	-9.44%	-10.70%	6.55%	9.03%
Russell 1000				-9.35%	-9.35%	-12.36%	4.81%	8.22%
<i>Enhanced S&P 500 Index</i>								
Northern Trust	25,467,808	1.6%	1.7%	-6.80%	-6.80%	-15.84%	3.14%	6.72%
Westridge	56,240,216	3.4%	3.6%	-8.06%	-8.06%	-12.25%	4.94%	8.02%
Wells Capital	36,701,211	2.2%	2.5%	-24.53%	-24.53%	-31.59%	N/A	N/A
European Credit Management	23,460,793	1.4%	1.7%	-21.07%	-21.07%	N/A	N/A	N/A
Prudential	25,234,903	1.5%	1.8%	-25.46%	-25.46%	N/A	N/A	N/A
Franklin	25,322,906	1.5%	1.7%	-12.12%	-12.12%	-13.65%	N/A	N/A
Total Enhanced S&P 500 Index	192,427,837	11.7%	13.0%	-16.16%	-16.16%	-18.66%	2.40%	6.45%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
<i>Absolute Return Strategy</i>								
Epoch	27,914,836	1.7%	2.0%	-12.66%	-12.66%	-6.84%	N/A	N/A
S&P 500				-8.37%	-8.37%	-13.12%		
<i>S&P 500 Index</i>								
State Street	30,209,752	1.8%	2.0%	-11.64%	-11.64%	-18.23%	2.99%	6.70%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
TOTAL LARGE CAP DOMESTIC EQUITY	428,558,066	26.1%	28.0%	-13.07%	-13.07%	-16.11%	4.22%	8.17%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
SMALL CAP DOMESTIC EQUITY								
<i>Manager-of-Managers</i>								
SEI	114,385,420	7.0%	7.2%	-1.30%	-1.30%	-22.41%	1.06%	8.52%
Russell 2000 + 200bp				-0.61%	-0.61%	-14.48%	5.88%	12.50%
Callan	45,344,197	2.8%	2.8%	-7.13%	-7.13%	-15.44%	N/A	N/A
Russell 2000				-1.11%	-1.11%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	159,729,616	9.7%	10.0%	-2.98%	-2.98%	-20.36%	2.11%	9.20%
Russell 2000				-1.11%	-1.11%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY								
<i>Large Cap - Core</i>								
State Street	25,678,946	1.6%	1.8%	-21.95%	-21.95%	-13.11%	12.40%	14.27%
MSCI EAFE (1)				-20.56%	-20.56%	-10.61%	12.84%	14.86%
<i>Large Cap - Active</i>								
Capital Guardian	82,637,202	5.0%	5.4%	-18.64%	-18.64%	-13.89%	11.58%	14.15%
LSV	78,246,506	4.8%	5.4%	-17.25%	-17.25%	-23.98%	8.07%	N/A
Total Large Cap - Active	160,883,709	9.8%	12.6%	-17.97%	-17.97%	-20.05%	9.04%	13.03%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%
<i>Small Cap - Active</i>								
DFA	25,507,684	1.6%	1.8%	-20.80%	-20.80%	N/A	N/A	N/A
Wellington	24,630,512	1.5%	1.8%	-25.78%	-25.78%	-15.19%	9.83%	16.11%
Total Small Cap - Active	50,138,196	3.1%	3.6%	-23.33%	-23.33%	-15.60%	9.53%	16.89%
S&P/Citigroup BMI EPAC < \$2BN				-23.50%	-23.50%	-19.12%	10.36%	19.26%
TOTAL INTERNATIONAL EQUITY	236,700,851	14.4%	18.0%	-19.61%	-19.61%	-18.47%	9.51%	13.93%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%
EMERGING MARKETS EQUITY								
<i>Core</i>								
JP Morgan	11,136,911	0.7%	0.9%	-22.87%	-22.87%	3.57%	N/A	N/A
PanAgora	10,790,978	0.7%	0.9%	-27.52%	-27.52%	7.21%	N/A	N/A
WestLB	11,074,144	0.7%	0.9%	-28.00%	-28.00%	11.12%	N/A	N/A
UBS	14,678,793	0.9%	0.9%	-27.00%	-27.00%	5.82%	N/A	N/A
Total Core	47,680,826	2.9%	3.5%	-26.44%	-26.44%	6.87%	27.76%	29.00%
MSCI Emerging Markets				-26.86%	-26.86%	4.89%	27.52%	22.84%
<i>Small Cap</i>								
DFA	11,277,480	0.7%	1.0%	-24.25%	-24.25%	-13.68%	N/A	N/A
MSCI Emerging Markets				-26.86%	-26.86%	4.89%		
<i>Private Equity</i>								
Capital International	6,492,908	0.4%	0.4%	6.52%	6.52%	N/A	N/A	N/A
MSCI Emerging Markets				-26.86%	-26.86%			
<i>Infrastructure</i>								
JP Morgan	3,208,968	0.2%	0.2%	N/A	N/A	N/A	N/A	N/A
TOTAL EMERGING MARKETS EQUITY	68,660,183	4.2%	5.0%	-23.25%	-23.25%	2.99%	27.07%	28.58%
MSCI Emerging Markets				-26.86%	-26.86%	4.89%	27.52%	30.15%

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				Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
							Net	Net
DOMESTIC FIXED INCOME								
Core Bond								
Western Asset	16,167,806	1.0%	0.9%	-6.30%	-6.30%	-0.30%	1.78%	2.90%
Lehman Aggregate				-0.49%	-0.49%	7.12%	4.09%	3.86%
Index								
Bank of ND	24,375,407	1.5%	1.3%	-1.64%	-1.64%	7.70%	3.93%	3.57%
Total Index	24,375,407	1.5%	1.3%	-1.64%	-1.64%	7.70%	4.17%	3.91%
Lehman Gov/Credit				-1.64%	-1.64%	7.24%	3.84%	3.58%
Enhanced								
Westridge	16,219,651	1.0%	0.8%	2.75%	2.75%	N/A	N/A	N/A
Lehman Aggregate				-0.49%	-0.49%			
Convertibles								
Calamos (2)	16,130,183	1.0%	0.9%	-11.09%	-11.09%	-2.86%	N/A	N/A
Total Convertibles	16,130,183	1.0%	0.9%	-11.09%	-11.09%	-2.86%	4.55%	2.71%
Merrill Lynch All Convertibles (3)				-17.56%	-17.56%	-6.36%	5.72%	6.36%
BBB Average Quality								
Wells Capital	17,666,365	1.1%	0.9%	-3.78%	-3.78%	3.70%	3.26%	4.56%
Lehman BBB				-4.85%	-4.85%	2.62%	2.52%	3.44%
Senior Debt								
PIMCO	5,913,826	0.4%	0.4%	N/A	N/A	N/A	N/A	N/A
Lehman Aggregate				-0.49%	-0.49%	7.12%	4.09%	N/A
Private Debt								
Prudential	17,079,046	1.0%	0.9%	-1.79%	-1.79%	3.32%	3.41%	N/A
Lehman Aggregate				-0.49%	-0.49%	7.12%	4.09%	N/A
Timberland								
TIR - Teredo (4)	21,752,454	1.3%	1.3%	-0.14%	-0.14%	22.02%	15.15%	14.07%
TIR - Springbank	47,848,523	2.9%	2.9%	-0.43%	-0.43%	15.25%	18.41%	N/A
Total Timberland	69,600,977	4.2%	4.2%	-0.34%	-0.34%	17.50%	17.86%	21.14%
NCREIF Timberland Index				1.01%	1.01%	19.96%	17.12%	14.70%
Infrastructure								
JP Morgan	34,761,981	2.1%	2.1%	3.31%	3.31%	13.28%	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	217,915,243	13.3%	12.0%	-1.50%	-1.50%	9.02%	8.15%	9.65%
Lehman Aggregate				-0.49%	-0.49%	7.12%	4.09%	3.86%
HIGH YIELD BONDS								
Core								
Loomis Sayles	49,422,399	3.0%	2.9%	-12.73%	-12.73%	-1.43%	5.39%	N/A
Sutter/Wells Capital	49,120,979	3.0%	2.7%	-6.97%	-6.97%	-6.12%	2.58%	N/A
Total Core	98,543,379	6.0%	5.6%	-10.04%	-10.04%	-3.71%	4.01%	4.88%
LB High Yield 2% Issuer Constrained Index				-8.56%	-8.56%	-1.75%	4.48%	N/A
Mezzanine Debt								
Goldman Sachs 2006 Fund	3,183,586	0.2%	0.2%	-6.02%	-6.02%	-3.89%	N/A	N/A
Goldman Sachs Fund V	5,035,795	0.3%	0.3%	2.67%	2.67%	N/A	N/A	N/A
TCW	8,876,671	0.5%	0.5%	2.02%	2.02%	7.26%	N/A	N/A
Total Mezzanine Debt	17,096,052	1.0%	1.0%	0.60%	0.60%	0.49%	N/A	N/A
LB High Yield 2% Issuer Constrained Index				-8.56%	-1.75%	11.22%		
Distressed Mortgages								
PIMCO	7,971,709	0.5%	0.5%	0.96%	0.96%	N/A	N/A	N/A
Declaration Management	1,953,343	0.1%	0.1%	-3.65%	-3.65%	N/A	N/A	N/A
Total Distressed Mortgages	9,925,052	0.6%	0.6%	0.02%	0.02%	N/A	N/A	N/A
LB High Yield 2% Issuer Constrained Index				-8.56%	-8.56%			
TOTAL HIGH YIELD BONDS	125,564,483	7.7%	7.0%	-7.92%	-7.92%	-4.27%	3.82%	6.32%
LB High Yield 2% Issuer Constrained Index				-8.56%	-8.56%	-1.75%	4.48%	6.88%
INTERNATIONAL FIXED INCOME								
International Sovereign								
UBS Global (Brinson)	42,428,309	2.6%	2.5%	-4.51%	-4.51%	17.24%	5.56%	6.49%
Citigroup Non-US Gov't Bond Index (5)				-4.25%	-4.25%	18.73%	6.63%	7.04%
International Core								
Brandywine	44,279,671	2.7%	2.5%	-5.68%	-5.68%	10.78%	7.06%	8.51%
Lehman Global Aggregate (ex-US)				-5.90%	-5.90%	16.53%	7.88%	7.38%
TOTAL INTERNATIONAL FIXED INCOME	86,707,980	5.3%	5.0%	-5.11%	-5.11%	13.90%	6.31%	7.50%
Citigroup Non-US Gov't Bond Index (5)				-4.25%	-4.25%	18.73%	6.66%	7.06%
REAL ESTATE								
INVESCO - Core	94,315,007			0.63%	0.63%	8.27%	15.34%	14.88%
INVESCO - Fund II	1,808,908			-1.85%	-1.85%	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	87,064,684			-1.95%	-1.95%	5.69%	15.27%	15.26%
J.P. Morgan Alternative Property Fund	23,786,990			-0.60%	-0.60%	4.59%	N/A	N/A
J.P. Morgan Greater China Property Fund	2,570,050			-5.24%	-5.24%	N/A	N/A	N/A
TOTAL REAL ESTATE	209,545,639	12.8%	9.0%	-0.72%	-0.72%	6.31%	14.44%	14.53%
NCREIF TOTAL INDEX				-0.17%	-0.17%	9.20%	14.82%	14.63%

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	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
							Net	Net
ALTERNATIVE INVESTMENTS								
Brinson IVCF III	243,271			-3.01%	-3.01%	43.92%	56.47%	38.94%
Coral Partners V	4,267,975			0.00%	0.00%	9.09%	5.22%	-8.23%
Coral Partners V - Supplemental	498,449			10.51%	10.51%	-6.34%	3.94%	6.41%
Coral Momentum Fund (Formerly Fund VI)	8,182,884			-4.97%	-4.97%	13.96%	-3.63%	-7.09%
Brinson 1998 Partnership Fund	487,054			-3.84%	-3.84%	6.92%	17.74%	16.40%
Brinson 1999 Partnership Fund	1,496,536			-2.15%	-2.15%	13.32%	15.81%	14.25%
Brinson 2000 Partnership Fund	4,768,245			-10.02%	-10.02%	21.82%	21.03%	17.78%
Brinson 2001 Partnership Fund	4,270,848			-1.08%	-1.08%	2.23%	12.37%	9.49%
Brinson 2002 Partnership Fund	2,102,913			-5.82%	-5.82%	3.20%	14.93%	10.72%
Brinson 2003 Partnership Fund	823,483			2.40%	2.40%	-6.42%	16.42%	8.89%
Total Brinson Partnership Funds	13,949,079			-4.98%	-4.98%	13.85%	17.75%	14.80%
Brinson 1999 Non-US Partnership Fund	717,773			-1.11%	-1.11%	-9.78%	38.86%	33.76%
Brinson 2000 Non-US Partnership Fund	1,598,460			-3.21%	-3.21%	27.03%	38.56%	28.82%
Brinson 2001 Non-US Partnership Fund	1,093,451			-8.05%	-8.05%	13.44%	15.89%	14.66%
Brinson 2002 Non-US Partnership Fund	2,862,483			-5.05%	-5.05%	14.08%	43.86%	31.81%
Brinson 2003 Non-US Partnership Fund	2,460,254			3.32%	3.32%	24.92%	42.47%	23.29%
Brinson 2004 Non-US Partnership Fund	1,187,160			-4.17%	-4.17%	29.16%	25.88%	N/A
Total Brinson Non-US Partnership Fund	9,919,580			-2.76%	-2.76%	18.83%	37.12%	28.34%
Adams Street 2008 Non-US Partnership Fd	242,233			-3.86%	-3.86%	N/A	N/A	N/A
Brinson BVCF IV	7,686,887			7.08%	7.08%	-1.94%	7.62%	9.88%
Adams Street Direct Co-investment Fund	8,456,003			-3.78%	-3.78%	4.06%	N/A	N/A
Matlin Patterson Global Opportunities	2,850,433			-27.00%	-27.00%	-29.56%	-11.62%	9.60%
Matlin Patterson Global Opportunities II	14,821,382			-10.56%	-10.56%	-5.55%	8.69%	N/A
Matlin Patterson Global Opportunities III	8,299,867			1.13%	1.13%	-20.02%	N/A	N/A
InvestAmerica	3,725,645			0.00%	0.00%	27.36%	13.22%	1.67%
Hearthstone MSII	0			-100.00%	-100.00%	-62.01%	-100.00%	-100.00%
Hearthstone MSIII	490,284			-33.76%	-33.76%	-10.75%	63.82%	N/A
Corsair III	6,521,549			-6.63%	-6.63%	64.04%	N/A	N/A
Corsair III - ND Investors LLC	4,983,635			0.00%	0.00%	N/A	N/A	N/A
Quantum Resources	118,188			-91.16%	-91.16%	-52.44%	N/A	N/A
Quantum Energy Partners	1,465,200			-0.52%	-0.52%	-3.17%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	96,722,543	5.9%	5.0%	-5.94%	-5.94%	4.55%	10.80%	10.53%
CASH EQUIVALENTS								
Northern Trust STIF	3,440,283			0.49%	0.49%	0.70%	3.40%	2.76%
Bank of ND	5,597,705			N/A	N/A	N/A	N/A	N/A
TOTAL CASH EQUIVALENTS	9,037,988	0.6%	1.0%	0.48%	0.48%	0.70%	3.40%	2.76%
90 Day T-Bill				0.63%	0.63%	3.63%	4.27%	3.18%
TOTAL FUND	1,639,142,592	100.0%	100.0%	-9.56%	-9.56%	-7.51%	8.42%	11.50%
POLICY TARGET BENCHMARK				-8.11%	-8.11%	-5.17%	8.32%	10.90%

NOTE: Monthly returns and market values are preliminary and subject to change.

- (1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.
- (2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.
- (3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.
- (4) Prior to June 1, 2006, the Toredon properties were under the management of RMK.
- (5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.
- (6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual cost